

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 CIAE-00 COME-00 EB-08 INR-07
LAB-04 NSAE-00 SIL-01 EURE-00 /043 W
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FM AMEMBASSY PARIS
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INFO USMISSION EC BRUSSELS
AMEMBASSY ALGIERS
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AMEMBASSY COPENHAGEN
AMEMBASSY LONDON

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E.O. 11652: N/A
TAGS: ELAB, EIND, EINV, FR
SUBJ: EATON FOUNDRY STRIKE ENDS

REF: PARIS 03953 (NOTAL); PARIS 05255 (NOTAL);
PARIS 05585 (NOTAL); PARIS 06054 (NOTAL); PARIS 06575;
PARIS 07443

1. SUMMARY: STRIKE AT EATON FOUNDRY WHICH THREATENED
FRENCH AUTO PRODUCTION HAS ENDED WITH WHAT MANAGEMENT
REGARDS, WITH REASON, AS VICTORY OVER COMMUNIST UNION.

WITH ALTERNATE SOURCES OF SUPPLY BEING RAPIDLY DEVELOPED,
FOUNDRY'S LABOR RELATIONS PROBLEMS, THOUGH FAR FROM OVER,
WILL SOON BE OF LOCAL SIGNIFICANCE ONLY. END SUMMARY.

2. ON TUESDAY EVENING, WORKERS AT EATON FOUNDRY AT
CHARLEVILLE VOTED, BY WIDE MARGIN BUT WITH LOW
PARTICIPATION, TO ACCEPT AGREEMENT NEGOTIATED BETWEEN
COMMUNIST-LED CGT AND MANAGEMENT. FOUNDRY NOW BACK IN
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PRODUCTION.

3. EATON OFFICIALS ADVISE US THAT ACCORD BASED
ESSENTIALLY ON THEIR LAST OFFER IN JANUARY, PLUS
DISCIPLINARY LAYOFFS OF ONE WEEK BEGINNING NOW AND IN LIEU OF
DISMISSAL, OF 11 AGITATORS FIRED TWO WEEKS AGO
(SEE REFTELS). EATON NEGOTIATORS SAID PREFECT AND LABOR

INSPECTOR HAD TRIED TO PERSUADE THEM THAT FULL REINSTATEMENT OF 11 WAS ESSENTIAL FOR AGREEMENT, BUT MANAGEMENT HELD FIRM, AND CGT GAVE IN. EATON BELIEVES THAT AS A CONSEQUENCE OF SETTLEMENT, COMMUNIST LEADERSHIP HAVE LOST FACE AND ALGERIAN WORKERS IN PARTICULAR REPORTED TO FEEL THAT CGT HAS USED THEM FOR ITS OWN POLITICAL PURPOSES. EATON MANAGEMENT, HOWEVER, WHICH IS ANXIOUS TO AVOID ANY SPILL-OVER OF PROBLEMS ONTO SEPARATE AND MUCH MORE IMPORTANT NEW INSTALLATION AT ST. NAZAIRE, SAYS IT IS NOT GOING TO ASSUME EVEN APPEARANCE OF BEING OUT TO GET CGT.

4. EATON OFFICIALS TELL US THAT WITH RETURN TO PRODUCTION, THE LONG-TERM PROSPECTS FOR MAKING FUNDAMENTAL CHANGES IN LABOR-RELATIONS CLIMATE AT CHARLEVILLE ARE EXCELLENT. STRIKE AND RESULTING THREAT TO AUTO PRODUCTION POSED BY SMALL NUMBER OF MILITANTS AT INSIGNIFICANT SEEMING PLANT SURPRISED AND SHOCKED AFFECTED MANAGERMENTS. WITH ALTERNATE OVERSEAS SOURCES OF SUPPLIES BEING DEVELOPED QUICKLY; WITH SOME AUTO MANUFACTURERS WHO HAVE THE CAPABILITY BEGINNING TO PRODUCE THEIR OWN CASTINGS; AND WITH START OF PRODUCTION THIS SUMMER BY FRENCH COMPETITOR AT LA ROCHELLE, EATON FEELS AUTO INDUSTRY DEPENDENCE ON CHARLEVILLE PLANT WILL SOON BE OVER. ONCE THIS SITUATION REACHED, EATON FEELS IT WILL BE ABLE TO RIDE OUT ANY RESURGENCE OF MILITANCY.

5. IN CONNECTION WITH BROADER ASPECTS OF SITUATION, EATON EUROPEAN LABOR RELATIONS CHIEF RUSHTON WAS LIMITED OFFICIAL USE

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ASKED ABOUT IMPACT OF STRIKE ON DENMARK HE AND COLLEAGUES HAD MENTIONED SOME DAYS AGO (SEE PARIS 06575). RUSHTON CONFIRMED INFORMATION RECEIVED FROM CLEVELAND, AS REPORTED REFTEL, BUT ADDED THAT SUBSEQUENTLY EATON HAD BEEN ABLE TO DIVERT CASTINGS PRODUCED IN UK TO DANES AND SO AVOIDED SERIOUS PROBLEM. VOLUNTEERED, IN CONFIDENCE, THAT THESE DIVERSIONS INVOLVED MODIFYING OF MARKET SHARING AGREEMENT BETWEEN UNNAMED UK FIRM AND EATON, WHEREBY BRITISH PRODUCTS NOT SHIPPED CHARLEVILLE'S MARKETS. GIVEN PROVISIONS OF ROME TREATY, HE SAID, EXISTENCE OF AGREEMENT IS MOST SENSITIVE AND NOT READILY DISCUSSED. MATTER NOT PURSUED.

6. COMMENT: IMMEDIATE DANGER APPEARS OVER, BUT EATON IS STILL NOT YET COMPLETELY OUT OF THE WOODS. CGT SUPPORTED AGREEMENT AS BEING NECESSARY IN ORDER TO GET BACK INTO PLANT AND RESUME HISTORICALLY SUCCESSFUL MINI-STRIKE TACTICS. THIS INFORMATION, COUPLED WITH LOW TURN OUT AT VOTE AND HISTORY OF RANK AND FILE MILITANCY DOESN'T

AUGUR WELL. WE BELIEVE, HOWEVER, THAT EATON IS CORRECT IN THINKING THAT WITH EACH PASSING DAY, THEIR HAND GROWS STRONGER AND ANY WIDE-SPREAD THREAT TO AUTO INDUSTRY SHOULD BE ENDED BY SUMMER.

7. WE ALSO NOTE, WITH INTEREST, THAT SETTLEMENT OF WAGE CLAIMS BASED ON LAST EATON OFFER IN JANUARY. THAT OFFER WAS SUBSEQUENTLY IDENTIFIED BY EATON'S GOF CONTACTS AS HAVING EXCEEDED BARRE PLAN GUIDELINES (SEE REFTELS). EATON, HOWEVER, TELLS US THAT IT HAS BEEN IN CLOSE CONTACT WITH PRIME MINISTER'S LABOR AFFAIRS ADVISOR AND IT NOT CREDIBLE THAT GOVERNMENT UNAWARE OF SETTLEMENT'S TERMS.
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